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BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC-WGR 1/105

15 February 1960

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE



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These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

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Summary of Events*
29 January - 11 February 1960

India and the USSR have agreed to expand the capacity of the Soviet-built Bhilai steel mill from 1 million metric tons to 2.5 million metric tons during India's Third Five Year Plan (1961-66).

An agreement just announced by Afghanistan and the USSR provides for the construction by the USSR of a military airfield at Shindand in western Afghanistan.

On 1 February, Argentina announced plans to purchase railroad, roadbuilding, and electrical generating equipment having a combined value of \$50 million from the USSR. The purchase will be made under the \$100 million Soviet credit that was originally extended in 1958 for the use of the Argentine government petroleum company -- YPF.

At the opening of the Soviet technical, scientific, and cultural exposition in Havana, the Cuban Minister of Commerce announced that the USSR had just ordered 345,000 Spanish long tons of sugar.

The USSR has announced that it plans to build a technological institute, accommodating 2,500 students, in Conakry. This project is the first commitment made under the Soviet \$35 million line of credit extended to Guinea in August 1959.

Recent reports of the economic activities of East Germany in Asia, Africa, and Latin America illustrate the growing importance of this Satellite country in the economic offensive of the Soviet Bloc in underdeveloped countries of the Free World. The contract of East Germany to build a radio station in Yemen, its concerted effort to participate in Iraq's development program, its offers to construct

* An unclassified table (Table 7) showing the number of Sino-Soviet Bloc specialists in underdeveloped countries of the Free World during the period 1 July - 31 December 1959 is included in this issue on p. 21.

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light industrial plants in Ghana and Guinea, and its efforts to promote trade with Brazil all point to an expanded role for this country in the foreign economic program of the Bloc.

Implementation of the Soviet-Iraqi economic agreement of March 1959 is taking place according to the broad schedules outlined in the agreement. Within the generous and flexible schedules for the implementation of the projects, the USSR is turning in a respectable performance in fulfilling its obligations under the credit agreement. If the Soviet aid program appears to be moving slowly, it is partly because the Soviet-Iraqi agreement scheduled most projects over a number of years (the surveying and planning stages for nearly all projects extend at least through 1960). Nevertheless, the internal Iraqi situation of political instability and governmental paralysis will seriously affect implementation of these projects when the time comes for Iraqi participation in analysis and execution of the Soviet plans.

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